



Missouri Department of Natural Resources Energy Center

MISSOURI ENERGY BULLETIN

March 24, 2005

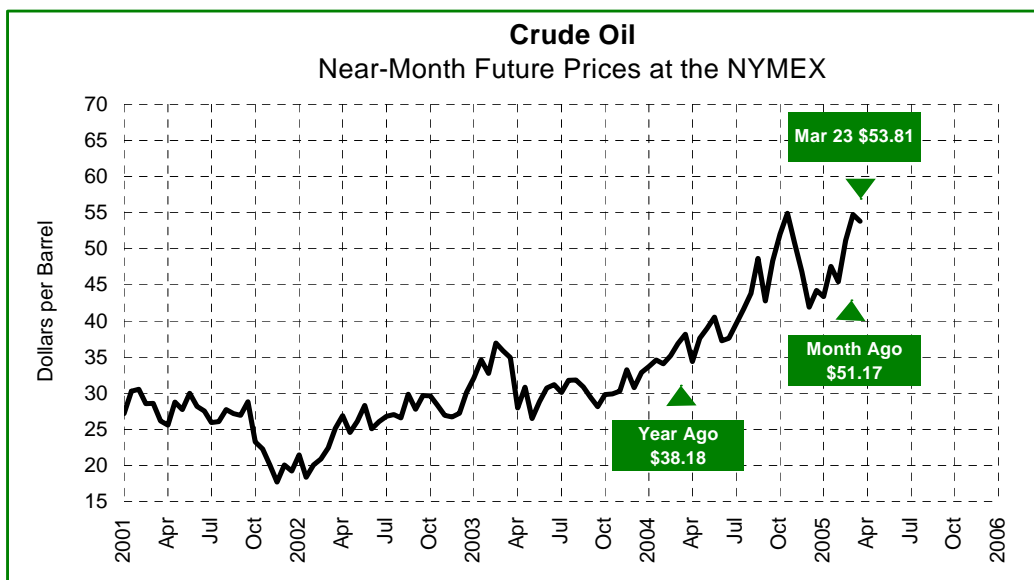
Crude Oil

On March 23, NYMEX crude oil futures settled at \$53.81, an increase of \$15.63 per barrel or 41% higher compared to this time last year.

Crude Oil - Near Month Future Prices (dollars per barrel)

	<u>03-23-05</u>	<u>02-23-05</u>	<u>change</u>	<u>03-17-04</u>	<u>change</u>
NYMEX	\$53.81	\$51.17	up 5%	\$38.18	up 41%

- NYMEX crude oil prices dropped March 23 in response to the U.S. Energy Information Administration's weekly report that crude oil stocks rose by 4.1 million barrels last week to 309.3 million barrels, the highest level since July 2002.
- With most oil market analysts expecting demand to continue to grow at a robust pace the remainder of the year (EIA expects global demand to increase by 2.1 million barrels per day in 2005), they believe inventories will need to remain at above average levels on an absolute level basis just to keep forward cover from becoming relatively low. In the case of oil markets, looking ahead and accounting for expected usage can help explain why current prices are so high, despite current inventory levels.
- Oil analysts are not expecting the March 23 explosion in Texas City, TX at the British Petroleum refinery to have an impact on U.S. gasoline supplies. This refinery produces about 30 percent of BP's fuels in North America and 3 percent of the U.S. petroleum products supply.



- On March 16, the Organization of the Petroleum Exporting Countries (OPEC) agreed to immediately raise output limits by 500,000 barrels per day (bpd). This failed to ease market concerns as the following day crude prices set an intra-day trading record of \$57.60 before closing at \$56.72. However, after prices fell over \$2.00 per barrel in response to EIA's storage report on March 23, OPEC determined that immediately increasing production was not necessary. Many analysts say OPEC's output hikes will leave the cartel with little spare production capacity to deal with unexpected supply outages. OPEC is reportedly pumping at close to a 25-year high.

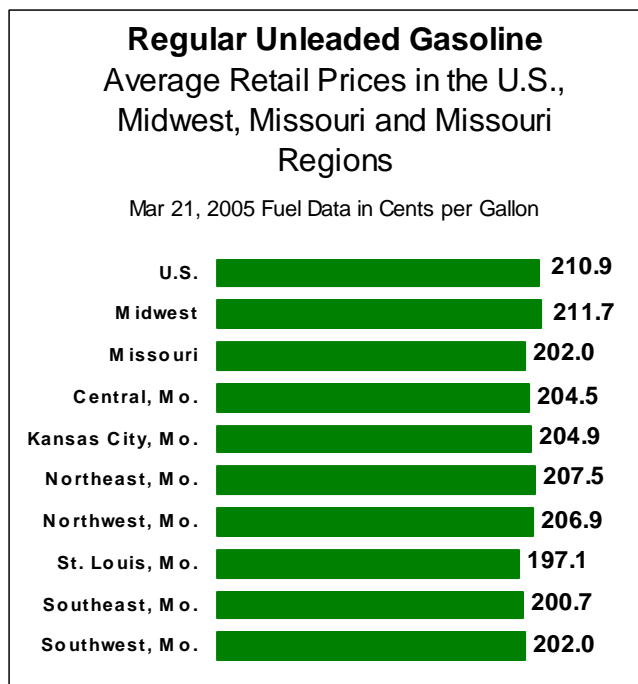
Transportation Fuels

Missouri's average retail price for regular unleaded gasoline increased \$0.26 per gallon from the previous month to reach \$2.02 per gallon on March 21, a new record high.

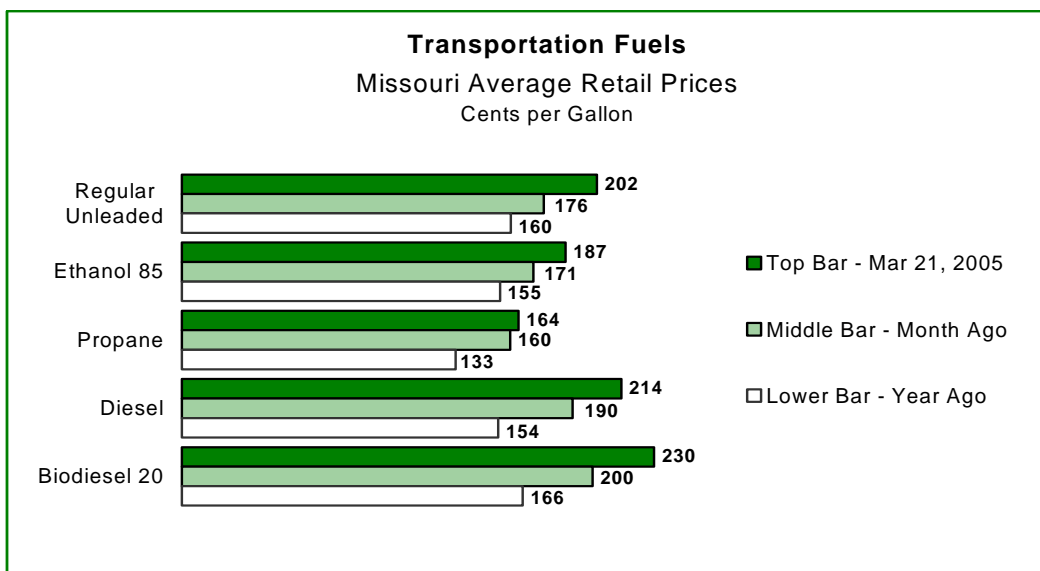
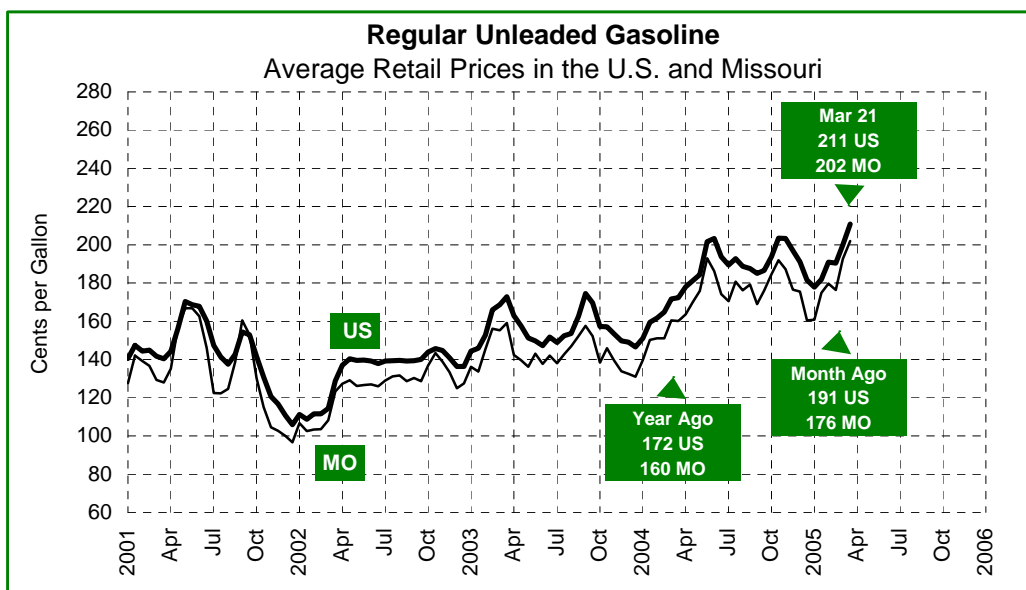
<i>Regular Unleaded Gasoline - Retail Prices (cents per gallon)</i>					
	<u>03-21-05</u>	<u>02-21-05</u>	<u>change</u>	<u>03-15-04</u>	<u>change</u>
US	211	191	up 11%	172	up 22%
Missouri	202	176	up 15%	160	up 26%

<i>Diesel Fuel - Retail Prices (cents per gallon)</i>					
	<u>03-21-05</u>	<u>02-21-05</u>	<u>change</u>	<u>03-15-04</u>	<u>change</u>
Missouri	214	190	up 12%	154	up 39%

- The average retail price for gasoline continues to rise with the approach of the summer driving season. Missouri's average retail price has increased by \$0.26 per gallon, or 15 percent, from last month following higher prices for motor gasoline and crude oil at the NYMEX. Prices in every region of the state except St. Louis averaged over \$2 per gallon. The previous record average retail price for Missouri motor gasoline peaked at nearly \$2 per gallon on May 17, 2004. The US average retail price of \$2.11 per gallon on March 21 is the highest average price ever recorded by EIA (not adjusted for inflation).



- The current U.S. average retail diesel price of \$2.24 per gallon on March 21 was also the highest average price ever recorded by EIA (not adjusted for inflation). The current Missouri average retail diesel price was \$2.14, reflecting an increase of nearly 40 percent from this time last year.
- Total U.S. gasoline stocks for the week ending March 18 fell 4.1 million barrels from the prior week to 217.3 million barrels but remains in the above average range on an absolute basis. This is 17.8 million barrels higher than this time last year. However, on a forward cover basis that looks at the stock level's ability to meet expected usage, gasoline inventories are in the middle of the average range, according to EIA. This is because the growth in gasoline demand has been strong and cuts into some of the increase seen in gasoline inventories.
- U.S. gasoline imports the week ending March 18 were 978,000 barrels per day compared to 756,000 barrels per day imported for the same period last year.



Motor Gasoline - Total Stocks (millions of barrels)

	<u>03-18-05</u>	<u>02-18-05</u>	<u>change</u>	<u>03-12-04</u>	<u>change</u>
US	217.3	223.5	down 3%	199.6	up 9%

Natural Gas

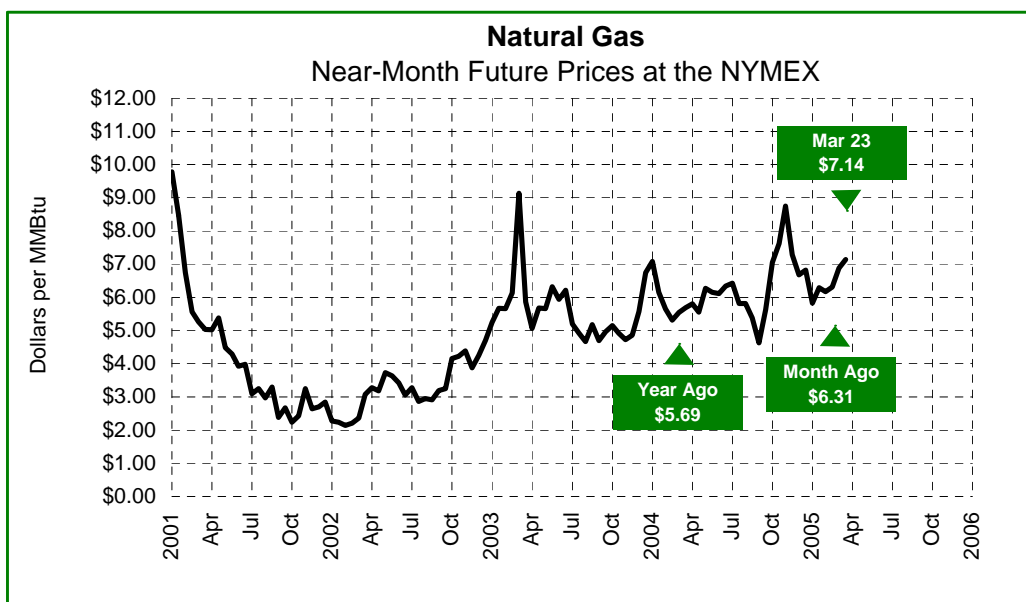
Approximately 56 percent (1,261,397) of Missouri households use natural gas to heat their homes. Natural gas is also used to produce goods and electricity.

On March 23, natural gas futures closed at \$7.14 per MMBtu, an increase of \$0.83 since last month and \$1.45 or 25% higher than this time last year.

Natural Gas - Near Month Future Prices (dollars per mmbtu)

	<u>03-23-05</u>	<u>02-23-05</u>	<u>change</u>	<u>03-16-04</u>	<u>change</u>
NYMEX	\$7.14	\$6.31	up 13%	\$5.69	up 26%

- Working gas in underground storage was 1,290 Bcf as of Friday, March 18, which is 21.9 percent above the previous 5-year (2000-2004) average, according to EIA's Weekly Natural Gas Storage Report. With about two weeks left in the heating season, storage levels were 21.9 percent above the 5-year average and 23.9 percent above last year's level for this week. The implied net withdrawal of 89 Bcf exceeded both the 5-year average withdrawal of 51 Bcf for this week and the 62 Bcf for this week last year.
- Colder-than-normal temperatures in almost every region across the Lower 48 States, which would have resulted in higher space heating demand, likely led to the above average withdrawals and supported the higher gas prices. Temperatures ranged up to 25 percent colder than normal in all regions except for the Pacific as measured by the National Weather Service heating degree days (HDDs) for the week ending Thursday, March 17, 2005. For the entire Lower 48, temperatures were 13 percent colder than normal or 16 percent colder than this week last year.



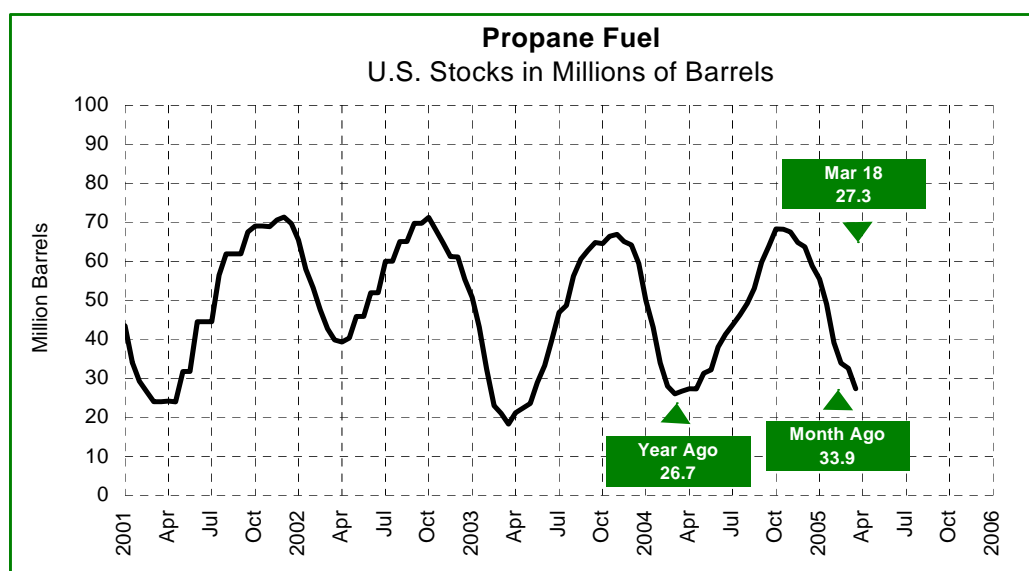
Propane

Approximately 13 percent (293,803) of Missouri households heat with propane, which is also used to support commercial operations, produce goods, dry grain harvests and fuel vehicles.

Missouri's average retail propane price was \$1.48 per gallon on March 21, down \$0.03 from a month ago but \$0.23 or 19 percent higher than a year ago.

Propane - Residential Prices (cents per gallon)					
	03-21-05	02-21-05	change	03-15-04	change
Missouri	148	151	down 2%	125	up 19%

- According to EIA, propane's late season stockdraw continued last week with a 1.8-million-barrel decline that moved U.S. inventories of propane down to 27.3 million barrels as of March 18, 2005. At roughly the mid-point for March 2005, U.S. inventories of propane have declined by more than 5.2 million barrels, a level well above the most recent 5-year average for this month of 0.5 million barrels.



Missouri Energy Outlook

The Missouri Energy Outlook, an energy resource analysis reviewing prices and availability of energy in Missouri over the winter months was released in November by the Missouri Department of Natural Resources' Energy Center. Copies of the Missouri Energy Outlook are available online at the department's Web site at <http://www.dnr.mo.gov/energy/publications.htm> or may be obtained by calling the Missouri Department of Natural Resources' Energy Center at (573) 751-3443 or the department toll free at (800) 361-4827.

The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources, Energy Center. The Energy Center collects transportation and propane heating fuel prices from several retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. The Bulletin is a public resource made available to state government decision-makers, other interested individuals upon request and on-line at the Energy Center Internet address. The department thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's Energy Information Administration; the National Association of State Energy Officials; the St. Louis AAA Auto Club; regional state energy offices; and Missouri's energy retailers.

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